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Does Money Matter? The Effects of the Child Support Grant on Childrearing Decisions in South Africa

Hélène Mayrand
IDRC

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Does Money Matter?

The Effects of the Child Support Grant on Childrearing Decisions in South Africa

Hélène Mayrand

Abstract

Approximately one-fifth of children under the age of 18 in the KwaZulu-Natal Province live away from both of their parents. Kinship care and informal fostering occur for different reasons; one of them is the difficulty for parents to buffer the cost of raising a child. A public cash transfer targeted towards children could influence parents' behaviour toward childrearing. In 1998, the South Africa government introduced the Child Support Grant (CSG) as part of a growing demand for social protection and for policies against inequality. It is an unconditional cash transfer program aimed at alleviating poverty. In total, it reaches more than nine million children in South Africa. The present research assesses, using a combination of quantitative and qualitative methods, the impact of the CSG on parents' decision to raise their children versus placing their child in kinship care or voluntary child fostering. Using data from the 1998 and 2004 KwaZulu-Natal Income Dynamics Survey (KIDS), I found that the CSG program increased by five to seven percent the number of children cared for by their biological parents.

Résumé

Environ un cinquième des enfants de moins de 18 ans en Afrique du Sud ne vivent avec aucun de leurs parents biologiques. Dans bien des sociétés, le confiage d'enfants est une pratique commune et acceptée qui peut être entreprise pour différentes raisons, l'une d'elles étant la difficulté des parents à assumer les dépenses reliées à l'enfant. Nous croyons donc qu'un programme public de prestations familiales pourrait influencer le comportement des parents vis-à-vis le soin et le confiage d'enfants. En Afrique du Sud, le gouvernement a audacieusement introduit en 1998 le Child Support Grant pour répondre au besoin de protection sociale et de politiques contre les inégalités. Cette recherche estime, grâce à une combinaison de méthodes quantitative et qualitative, l'impact (inattendu) de cette allocation sur la décision des parents à prendre soin de leurs enfants eux-mêmes. À l'aide de la méthode de différence-en-différence et utilisant des données collectées en 1998 et 2004 (le KwaZulu-Natal Income Dynamics Survey), nous avons trouvé que le programme a eu une influence modeste, mais non négligeable, en haussant d'environ six pourcent la proportion d'enfants vivant avec leurs parents. L'entremise par laquelle les institutions informelles, telles que les arrangements familiaux et la présence des parents, jouent un rôle quant au bien-être des enfants (en ce qui a trait à leur développement cognitif, leur éducation ainsi que leur santé mental) reste toujours à approfondir.

International Development Research Centre
PO Box 8500, Ottawa, ON, Canada K1G 3H9

About the author

Hélène Mayrand was GGP's 2009 research intern. She is a graduate from Laval University with a Master's degree in International Studies (2010) and will carry on her professional career at Canada's Department of Foreign Affairs and International Trade.

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Introduction

The fight against poverty around the world, particularly in Africa, has brought about innovative public social programs. Vulnerabilities among children, such as malnutrition and lack of education opportunity, provide a strong motivation to find appropriate policy responses. In order to tackle childhood poverty and improve the standard of living for children in the future, many developing countries governments started using cash transfers. The largest cash transfer program targeted towards children in Eastern and Southern Africa is the Child Support Grant (CSG) in South Africa. When the South African government introduced the program in the late nineties, it was considered unusual to give cash instead of in-kind benefits. It has now become the country's largest social assistance grant in terms of the numbers of beneficiaries it reaches: nine million children. The monthly grant of approximately 30 Canadian dollars (240 South African Rands) is payable to the primary caregiver of children under the age of 15 who qualify on the basis of an income-based means test.

The CSG program is unique because it gives the grant to the primary caregiver as opposed to the parents, reflecting the different structure of "families" in South Africa. Many children, up to 20 percent, are living in fostering situations, where neither of their biological parents are present. Fostering typically takes place within the extended family. It usually aims to fulfil either the child's need (e.g. demand for schooling) or the family's need (e.g. kin network support or demand for household labour). In 2002, South African mothers were present in the same household as their child in 80 percent of cases, compared to fathers who were only present in 48 percent of cases (Desmond & Desmond, 2006: 229). The caring of children by someone other than their biological parent is widely practiced in Africa.[1] This paper will study the informal arrangements in which biological parents informally send children to live with other families, relatives or other relation. What is referred to as "voluntary child fostering" or "fosterage" in international literature is better understood in South Africa under the term "kinship care", as most situations of informal fostering take place with relatives or family friends.[2]

[1] The research will not study foster children who are legally placed in the care of foster parents, and who would then be eligible to the Foster child grant.
[2] This issue of the possible misleading use of the words "fostering" and "foster child" is further discussed in the literature review.

In order to contribute to a better understanding of the behavioural forces driving the institution of kinship care in Africa, this research paper will assess the impact of the South African CSG on childrearing decisions. By giving a grant to the caregiver of a child, the government may provide an economic incentive for the biological parents to take care of their children, leading to an unexpected increase in children living with their biological parents. An increase in children living with biological parents as a result of the program would provide evidence of the role of income in the decision to take care of a child. If this program has this unexpected impact of encouraging mothers (and fathers) to take care of their children, further expansion or policy changes should not ignore such effects.

This study focuses on the province of KwaZulu-Natal, the largest in South Africa with a population of ten million people. The research is based on empirical evidence using both survey data and interviews with caregivers and concerned actors, which provides a deeper analysis of the problem and its outcomes. Childrearing decisions can have many impacts on labour participation, school attendance, and the nutrition of both the child as well as on other members of the families concerned. However, an analysis in terms of welfare is outside the scope of this study. Instead, I focus on one of the possible reasons why biological parents might decide not to care for their children: economic difficulties.

In this paper, I first review the existing literature on child fostering and kinship care in Africa giving a particular emphasis on a South African socio-cultural context. Improvements in any social protection system need to be grounded in the local context and embedded in the different informal institutions. I then review the main factors and implications found in the literature related to children's living arrangements. Second, my theoretical framework focuses on the decision by biological parents to care of their sons and daughters.[3] I look at the potential impact of a grant that would act as a subsidy to look after children. Third, I present the data that will be used for my research compiled from the KwaZulu-Natal Income Dynamics Survey (KIDS). I also interviewed a small sample of families, focusing on socio-cultural factors, to gain a better understanding of family dynamics and how kinship care arrangements are built. Complementarities have been acclaimed between the depth and detail contributed by qualitative analysis and the representativeness and statistical robustness of quantitative research (Chambers, 2005). Therefore, the fourth section will present my qualitative analysis and the final section will present

[3] Biological parents have rights over their children. They are thus considered as the prime decision makers and responsible for the decision to foster.

my quantitative analysis. In the latter, two econometric methods will be used to estimate the likelihood of children living with their biological parents if they are eligible or when they receive the CSG. The first method, the difference-and-difference model, uses the two last waves of the KIDS (collected in 1998 and 2004) to make comparisons before and after the policy change. The second method, the instrumental variable model, will use only data from KIDS 2004. The objective of this second analysis is to provide evidence of the causal effect of receiving the grant on the decision to take care of a child using an instrumental variable framework.[4]

1. Literature Review

Anthropologists, sociologists and economists have extensively studied the institution of "child fostering". However, it is misleading within a South African context to use this international term. Therefore, I will first discuss how the arrangements are defined in the South African context where nuclear families are the exception and not the rule. Secondly, I will review the international literature on fostering. It will give me some background on the analysis of parental childrearing decision-making. Thirdly, I will analyse the economic perspective of the issue, focusing on the cost and benefits of child fostering and explaining the demand for caring for a child. Literature is abounding with studies measuring the welfare impacts of public programs. Part of this growing literature focuses on cash transfers as an anti-poverty policy, mostly on Latin American conditional programs. However, since kinship care is mostly practiced in Sub-Saharan Africa, so far as I am aware there is no research on the cash transfer's impact on this informal arrangement or institution.

I. Does Wording Matter? Kinship Care, Fostering and Childrearing

There is a long history in many countries, particularly in Africa, of children being cared for by relatives and other kin when their parents are unable to care for the children themselves. Informal arrangements taken when biological parents give up primary responsibility for raising their children are referred in the literature by many different expressions, (e.g. "fosterage", "fostering" or "kinship care").

[4] The instrument is the eligibility to the grant.

The international literature has mostly focused on the fostering phenomenon in Sub-Saharan Africa. It is typically called "child fostering" or "fosterage" when people delegate the care of their offspring to a close consanguine kin. A child is considered as a foster child if he or she is residing apart from both birth parents, but has not been legally adopted. Fostering is different from adoption, as it is normally understood as a transfer of parental rights and obligations that is reversible and limited in time (Goody, 1982). To study the reasons for fostering in Africa, economists have used the expression "voluntary" or "purposive" child fostering, whereby in Africa a non-orphaned child is sent to live temporarily with relatives (Serra, 2009). Similarly, Richard Akresh (2008) studied voluntary child fostering in Burkina Faso, Frederick Zimmerman (2003) and Paul Cichello (2003) in South Africa, Martha Ainsworth (1992) in Côte d'Ivoire and Eloundon-Enyegue and Shapiro (2004) studied fosterage in Cameroon.

In South Africa, researchers have to be careful with the use of terms such as "foster children", which can suggest a formal adoption and does not fully represent the Zulu extended family informal system. Within the formal child welfare system, there is a South African program, called Foster Child Grant, which aim to support the families caring for orphans and foster children. The government defines a foster child as "a child who has been placed in your custody by a court as a result of being: orphaned, abandoned, at risk, abused or neglected" (South Africa government official website, 2009). However, this study focuses on temporary decisions and not legally adopted children. Even if the international literature uses the term "foster child" for informal arrangements, I found during my field trip that the term is not applicable for the South African context. A "foster child", in the eyes of government officials, South African academics[5] as well as for the members of the community interviewed, implies that they are legally adopted. This is why I chose to use a different term. Rather than using the international literature "voluntary child fostering" expression, I refer to these arrangements as "kinship care", which is more appropriate for the informality of childrearing in South Africa.

Kinship care is better understood by the community for what I define as a non-orphaned child living away from his or her parents. Most children in South Africa (not cared by their parents) have guardians who fall under the kinship group. Most of these care-taking arrangements are made without the involvement of the child welfare system, and are often referred to as kinship

[5] This research project was presented at the South African Department of Social Development as well as at the School of Development Studies at the University of KwaZulu-Natal. The thoughtful comments and insightful advice received helped to broaden my understanding of South African unique context and were taken into account to improve the present analysis.

care.[6] It is the most significant form of out-of home care globally for children who are unable to live with their parents (Save the Children, 2007). In South Africa, childrearing practices usually take place within the context of the extended family system, and the costs of raising children are not borne solely by the biological parents. A child belongs to the whole family. Relatives living in the household share the cost of rearing children because "in terms of emotion, time, finance and other material support, since all children together comprise the strength of the lineage" (Wusu and Isiugo, 2006).

In the following literature review, I keep the wording as the authors referred to (e.g. "foster child" or "fostering"). However, for the remainder of this report, I rather use the wording "kinship care", which was found to be more appropriate to describe the informal childrearing arrangements in South Africa.

II. Does Culture and History Matter?

Cultural attitudes toward parenting are a critical aspect of the decision making process of who will take care of a child. Children who don't live with their parents, but live mostly with extended family, can be observed in many different societies around the world. It has been largely perceived as a cultural feature. Fostering and kinship care appear to be a common way of raising children in Sub-Saharan Africa (and in other cultures such as in the Caribbean, for instance Jamaica). Demographic surveys reveal a high proportion of non-orphaned children younger than 15 living away from their parents in many Sub-Saharan Africa countries, for example more than 25 percent in Guinea, Côte d'Ivoire and Senegal (Pilon, 2003).

The cultural aspect of the mobility of children between their biological family and host families was amply studied by Catrien Notermans (1999). She also studied the way women attempt to be good mothers by delegating tasks to other educators because this phenomenon differs from the northern perception of "good motherhood". In her articles, she presents a different construction of mothering called "fosterage". Children are a sign of wealth and prosperity. Therefore, a woman who gives her child to others would be seen as generous. Even though cultural aspects seem to be predominant in the study of fosterage, socio-economic aspects are also present. Children in Sub-Saharan Africa are a sign of wealth and prosperity, parents also worry about the financial

[6] Kinship care is defined internationally as the "full-time care and nurturing of a child by someone who is related to the child by family ties or by a significant prior relationship connection" (Adoption Glossary, 2009).

aspects of taking care of their children. Uche Isiugo-Abanihe (1985) explains how fostering is a way for natural parents to seek to share the costs of childrearing among a wider set of relatives. Literature also highlights the political function of fosterage as a strategy to create kinship relations. Kinship fostering in Africa is not of recent origin. Fostering is a form of child insurance, in which parents try to minimize their chances of losing all of their descendants (Pennington, 1991). By circulating their children, families create relationships and solid kinship ties.

Overall, international literature suggests that there are a variety of arrangements, such as "stable and unstable families, married and single mothers, healthy and handicapped parents, rural and urban homes and wealthy and poor parents" (Isiugo-Abanihe, 1985: 56). Insights regarding traditional fosterage are summarized by the cultural anthropologist Joan Silk:

> "First, in each of these societies, natural parents who give up primary responsibility for raising their children typically delegate care of their offspring to close consanguine kin. Second, natural parents are uniformly reluctant to give up their children to others permanently, and often express regret at the necessity of doing so. Third, parental investment is not necessarily terminated when adoption and fosterage arrangements have been completed. Even after their children have left their households, natural parents may maintain contact with them, continue to contribute some resources to their care, and retain their rights to retrieve their offspring if they are mistreated. Fourth, natural parents are often very selective in their choice of prospective foster and adoptive parents; they typically prefer adults who can offer their children better economic prospects than they can themselves" (Silk, 1987, p. 46).

In addition to these cultural circumstances regarding kinship and fostering care found in the international literature, the South African context has its distinctiveness. Child caring arrangements in South Africa are the result of both cultural traditions[7] and (more recently) socio-economic realities. One main cultural aspect that has different implications for the care of children is the high level of father absence (up to 52 percent) (Desmonds and Desmonds, 2006: 229). In KwaZulu-Natal, most children grow up without a father in their homes or in their lives. Some absences may be related to circumstance, such as labour migration opportunities, or simply because the fathers may not want to be involved in their children's lives. Previous studies suggest that many South Africans neglect their paternal responsibilities. Statistics show that the burden of caring for children falls largely on women. For example, in Umlazi, the biggest township in Durban, the vast majority of maintenance defaults and court orders to pay maintenance are addressed to men (Richter and Morrell, 2006: 5). Besides being poorly enforced, law provisions

[7] The Zulu is the largest South African ethnic group and represent 80% of KwaZulu-Natal population. This paper mostly refers to the practices of this particular ethnic group.

are unlikely to have much effect if those most in need of help, usually the less-educated, are not prepared to use them.

Childrearing practices are also affected by marriage traditions. Many of the children not living with their parents (but with their grandmothers) are a result of pregnancy outside of marriage (Bruman, 1996). The cause of South African grandparents bringing up their grandchildren is often a direct consequence of customary law practices. First, customary law dictates that the transfer of a child from the mother's family to the father's family is usually governed by the payment of bride wealth. This is when a girl's father would receive a *lobola* payment from her new husband. Since bride wealth is only paid when there is a marriage, an illegitimate child generally remains legally with the mother's family. In the case where the woman marries a different man (not the biological father), the child does not usually accompany her to her new married home. Her new husband has no obligation in either civil or customary law to support the child. He has his own new family to support, as well as any prior legitimate or illegitimate children for whom maintenance orders may exist (Bruman, 1996: 592).

An important socio-economic factor in KwaZulu-Natal that has implications on the family structure is HIV/AIDS high prevalence. Women are most affected by HIV/AIDS and are most often the ones left carrying the burden of the care for those affected by the AIDS epidemic, including children. Therefore, a father's absence from the household is a bigger concern in the context of HIV/AIDS. Following a mother's death, if the father is not living with the child, the burden of childcare is more likely to fall on female relatives even if the father is still alive. Among children whose mother is not alive and whose father is absent, Desmond and Desmond (2006) found that 68 percent were living with his or her grandparents and 26 percent with other relatives.[8]

Looking at South Africa, the historical context in relation to this issue is worth attention. Apartheid legislation had long-term effects on family structure, particularly for black South Africans. By being circumscribed to live in certain restricted areas, homelands or townships, they had generally inferior housing and utilities (Anderson, 2000). Restricted housing options and labour migration patterns often meant that one or both of a child's parents were not present most of the year, even if they were considered current members of the household (Case and Deaton, 1998 and Anderson, 2000). This was due in part because of the high migration rates, as non-marital

[8] In this case, the child would be considered "living away from parents" by my definition, which includes children who have at least one parent alive but who are not living under the same roof.

births increased greatly during the Apartheid (Burman, 1996 and Anderson 2000) and mothers began to rely increasingly on other family members for support with the household economy and with raising children (Niehaus, 1994). As Sandra Bruman states, “these changes in household structure and the effects of the caring of children by their grandparents in South Africa are having a crucial impact on children’s health and survival” (1986: 15). The country's transition into democracy, its socio-economic transformations, and its high unemployment rate, are raising new questions about the changing livelihoods and complexity in household organization. Many households in South Africa came to depend heavily on migrants’ remittances. More recently dependence is shifting to social protection programs; the old age pension, the disability grant and the CSG.

III. An Economic Analysis of Kinship Care and Fostering

Given that up to 25 percent of non-orphaned children in KwaZulu-Natal spend a significant part of their childhood away from their parents, many academics and field workers have tried to better understand the mobility of children. To begin, I will review the evidence based on the different economic factors behind fostering and kinship arrangements. I will also analyze whether or not a child could benefit from fostering, since one motivation for studying family patterns is their influence on the child’s wellbeing.

Different studies find evidence of child labour reasoning in Sub-Saharan African fostering arrangements. In her work on the economic modeling of child fostering, Martha Ainsworth (1996) suggests a typical household utility maximization problem that focuses on the trade-off between leisure and home production activities. Her empirical findings are consistent with a child labour explanation for the fostering-in of children. She finds that the incidence of fostering-in children is lower in cases where biological children are present. Ainsworth (1996), as well as Richard Akresh (2008a), found evidence that if girls and boys are not “substitutable” in the domestic or family production, parents are more likely to respond to child gender imbalances by fostering out. Child labour is also mentioned in anthropological literature as children frequently help their mother or guardian with small tasks such as fetching water, washing dishes or going to the market (Isiugo-Abanihe, 1985). In Jamaica, a country where the practice of informal child fostering is also common, Godfrey Gibbison and Chris Paul (2006) investigate the reasons why an individual would accept the task of caring for someone else’s child. They argue that acceptance of a foster child goes beyond altruism and indeed has some strong economic motives. In their study, they

show how the demand for foster children comes primarily from rural households, farm households and elderly householders. This pattern is consistent with the use of foster children to adjust the household's labour supply to the desired level. The biological parents of foster children also appear to be important financial contributors to the foster household.

To allow a comparison to be drawn between foster children and their non-fostered biological siblings, Akresh's (2008a) primary data collection involved tracking and interviewing the sending and receiving of households participating in each fostering exchange. Akresh finds that households that experience exogenous idiosyncratic negative income shocks are more likely to send a child to live with another family. Regarding the child's human capital investment, researchers confirm empirically that parents often foster out as a way of offering their children better or more opportunities (e.g. live closer to school) (Zimmerman, 2003, Serra, 2009 and Akresh, 2008a). Other reasons for fostering are to strengthen extended family ties (Zimmerman, 2003) and to take advantage of an informal insurance mechanism (Serra, 2009).

The effect of fostering on children often depends on the reason for the fostering decision. Many international organizations and researchers believe fostering has negative affects on a child's welfare, and assume that a child is better off living with his or her biological parents. They argue that parents send their children away solely to buffer the costs of raising them. Some studies however suggest that many households use kinship care to improve the welfare of all of the family members, including the children. Economists tend to believe that child fostering is a mutually beneficial exchange (Serra, 2009).

There are two main theoretical effects of fostering on children, as noted by Frederick Zimmerman: the negative "Cinderella" effect and the positive migration effect. The "Cinderella" effect occurs when foster children work more and attend school less than the biological children. However, Zimmerman comments that those foster children who are treated poorly in foster homes might still be better off relative to their treatment in their own biological families (Zimmerman 2003: 561). Zimmerman's second effect comes from the hypotheses that foster children move from low-resource families with poor access to education to families with more resources and better access to education.

Considerable empirical analysis has been done to measure the impacts of child fostering on the child's welfare in South Africa and other African countries. Both Zimmerman (2003) and Paul

Cichello (2003) find little evidence of a "Cinderella" effect on children fostered to close relatives, but do find evidence of mistreatment in those cases where children were sent to distant relatives. These children are estimated to be five percent more likely to not be enrolled in school compared to biological children living in the household. On school attendance, Zimmerman (2003: 557) finds a strong migration effect. After conducting an analysis on black South African children, he suggests that foster children tend to move from homes that have difficulty enrolling them in school to homes that are more apt to do so. The net impact on foster children (adding the "Cinderella" effect to the migration effects) is to reduce the risk of not attending school by up to 22 percent. In Burkina Faso, Akresh (2008b: 1) find evidence that young foster children are 18 percent more likely to be enrolled after fostering than their siblings. Another major finding by Akresh is the "evidence that the institution of child fostering and the ability of a household to send out a child when it needs to can lead to a Pareto improvement in school enrolment for all young children involved, […] it appears to stem from the ability of African households to ease the constraint of a purely biological notion of a household" (2008b: 4).

In the same positive view, under some conditions, all those included in child fostering (including the children) may benefit from fostering arrangements. A proposed framework predicts that school-age children are sent to better-off households and that some families may foster in and out simultaneously (Serra, 2009: 157). Some benefits that children can receive from the fostering experience include; gaining access to schools, getting better nutrition, or being exposed to an expanded employment or insurance social network (Akresh, 2008b: 2). Akresh (2008b), Zimmerman (2003), Cichello (2003) and Serra (2009) all conclude that fostering can provide an important means of improving human-capital investment and welfare outcomes.

IV. Grants to Families: An Overview of Evidence

To support the most vulnerable families and tackle intergenerational poverty, a range of public social protection programs have been designed around the world. In particular, many successful conditional cash transfer programs that have been implemented in Latin American countries in the last decade. These programs give a small amount of money to the caregivers (mainly mothers) on a consistent basis. These caregivers typically have children of school age. Payment is conditional on school attendance and regular medical check-ups. Impact evaluations show positive outcomes to children (e.g. increased schooling and nutrition). Depending on the coverage, some modest impacts on poverty and inequality have been observed (ECLAC, 2006).

Progresa (now renamed *Oportunidades*) in Mexico reaches five million families and *Bolsa Familia* in Brazil reaches 11 million families. These programs have proven to be an effective way to tackle inequality. In Africa, large-scale cash transfer programs are unconditional. In Kenya, Zambia and other African countries, they have recently implemented pilot conditional cash transfer (CCT) programs.

By raising household incomes using cash transfers, literature suggests an increase of children's wellbeing. First, considering the financial cost of attending school (tuition fees, transport, materials, uniforms, etc.), the grant can provide the necessary financial help needed (Samson, 2004: 60). Second, the transfer can relieve the opportunity cost of going to school instead of working or helping the family. Third, the grant will raise the family income, which should improve overall health and nutrition. This will further contribute to their school-readiness (Case and al., 2004: 14). However, if school attendance and performance are necessary for an increase in human capital, it is not sufficient, and supply-side shortage or lack of quality in the schooling system is an important concern. Poverty in early life has detrimental effects. These effects can be extended over an entire life and can even cause intergenerational poverty (Yaqub, 2002; Case et al*.,* 2003; Harper et al., 2003 and Barrientos and DeJong*,* 2006: 537-538). Childhood poverty is linked to a lack of education that has a long-term effect on future success and standard of living. A cash transfer that targets the poorest children should be part of a long term plan to increase South African childrens' chances of employment and better living conditions.

Since the end of the Apartheid in 1994, the South African government expenditure on social protection by transfer payments has increased significantly. One quarter of South Africans currently benefit from a cash transfer. The CSG is the country's largest grant in terms of the numbers of beneficiaries (see table 1 below). Implemented in 1998 at the same time as *Progresa* in Mexico, the South African government has followed its own logic in designing and implementing this social protection program for children. Unlike most Latin-American programs, receipt of the CSG is not conditional on parent behaviour. The grant is payable to the primary caregiver (biological parent or other caregiver) of children under the age of 15 who qualify based on the results of an income-based means test (see Appendix A for description and criteria of the program). The CSG's performance is now recognized in South Africa and worldwide. Research

conducted to evaluate the CSG show growing evidence of the positive impact on the welfare of the beneficiaries.[9]

Table 1
Number of grants by cash transfer type in South Africa

Care Dependency Grant	**Child Support Grant**	Foster Child Grant	Disability Grant	Old Age Grant	War Veteran Grant	Grant in Aid	**Total**
108,696	**9,127,363**	525,347	1,286,641	2,479,782	1,412	49,634	13,578,875

Source: SASSA (2009), SOCPEN system, as at 20 August 2009

As of April 2009, if a child's under 15 primary caregiver's total income does not exceed R57 600 (if married) or R28 800 (if single) per year, the primary caregiver can receive a monthly amount of R240 (about 30 CAD). Since the CSG program started in 1998, it only included children younger than seven years of age but now has grown to include children younger than 15 year of age. In 2003, the government announced an age extension for the program. The age eligibility increased in phases; first to children under nine years old (April 2003), then to those under 11 years old (April 2004), under 14 years old (April 2005) and under 15 years old (April 2009).

The CSG is an unconditional cash transfer, therefore a key question is whether the grant is used for essential expenses— food, school fees, uniforms— and if, at the end, it helps to improve the child's human capital. Evidence indicates that the CSG has positive impacts on school attendance and nutrition. A study by Anne Case, Victoria Hosegood and Francie Lund (2005), using longitudinal data from the Umkhanyakude District in KwaZulu-Natal, profiles the recipients and beneficiaries of the CSG. The study finds that 36 percent of all age-eligible children are receiving the grant. There is no marked difference between girls and boys. They also find that children receiving the grant are significantly more likely to be enrolled in school in the years following grant receipt. The study notes that the mother's presence increases the likelihood of receiving the grant (Case *et al.*, 2005). Jorge Agüero, Michael Carter and Ingrid Woolard (2006) analyse whether the receipt of the CSG during a child's first three years of life has an impact on his or her nutrition. This is measured by examining the relationship between height and age. Using data from the KwaZulu-Natal Income Dynamics Survey (KIDS), the authors find that continuous receipt of the CSG early in life significantly boosts child height. A quantitative analysis by the Economic Policy Research Institute (EPRI) uses a constructed General Household Survey

[9] The "beneficiary" is the child for whom the money is supposed to be spent on and the "recipient" is the caregiver of the beneficiary receiving the transfer.

panel from 2002 to 2004 (Samson *et al*., 2008), which matches CSG eligible children under seven who received the grant with eligible children who did not receive it. The study presents new evidence on the beneficial developmental impacts of the CSG on education and nutrition, highlighting the success of the CSG.

2. A Theoretical Framework

Would a grant have an effect on childrearing decisions? In Sub-Saharan Africa, households are often complex formations with variation in membership and residency. In this section I will present how public transfers effect household composition and economic behaviour. The CSG may particularly effect kinship care. This research aims to contribute to the emerging economic literature on voluntary child fostering with a model that includes the impact of a regular and predictable cash transfer targeted at children.

First, to understand how social welfare policies might affect family structure, I will review the economic theory of the demand of children. Although it may seem to be a cold way of looking at the matter, it is nevertheless true that children impose certain costs on their parents and confer certain benefits (Perkins *et al*., 2001: 264). The costs and benefits of having children can be classified as economic and psychological. As they get older, children may supplement family earnings by working or by helping with domestic tasks. In the long term, children also provide a form of social security (e.g. assist the elderly). Economic costs can be further divided into explicit (monetary) and implicit (opportunity) costs. Children need food, clothing, shelter, child-care services and education. Implicit costs arise when a child cared by a member of the family, usually the mother, involves a loss of earning time or the impossibility of education. Psychological costs include anxiety and loss of leisure-time activities.

Viewing childbearing (as well as childrearing) as an economic decision has several implications. Gary Becker, a pioneer of the new household economic theory, views children as a kind of consumer durable that yields benefits over time (Perkins *et al*., 2001: 264). Couples maximize a joint (expected) utility function in which the "goods" they can "buy" are the number of living children, "child quality" (including education and health) and conventional goods and services. The constraints faced by parents in Becker's model include the time and the cost of purchased goods and services. This model helps to explain the trade-off between child quality and quantity. Even if this new home economics school uses a monogamous nuclear household with a pooled

common budget that disregards the issue of a complex family structure, it still helps to explain childrearing decisions. It identifies factors which may affect the willingness of families to provide care (or foster care) at any given subsidy and factors which influence parent's decision.

Economic and demographic issues in the context of caring for children include fertility and labour participation. Raising a child may have a direct or indirect impact on the fertility decisions of both natural parents and foster parents mainly because it serves to reallocate the resources available for raising children within the society (Isiugo-Abanihe, 1985: 71). The economics of fertility literature also suggests that higher female wage rates (opportunity costs) negatively effect the demand for foster children. Higher female education may or may not increase the likelihood of becoming a foster parent depending on how education effects home productivity relative to market productivity (Doyle and Peters, 2007). Furthermore, kinship care may enhance female labour force participation by freeing time for work outside the home. It may also affect the entry of children into the labour force as well as family composition and household size (Isiugo-Abanihe, 1985: 71).

Further insights into the foster care function can be seen in literature on the cost of children and household structure. Doyle and Peters (2007) include four useful conclusions for their study on fostering in the United States: (1) expenditures increase with the age of the child, (2) economies of scale exist in raising children, (3) race and ethnicity are correlated with parental expenditure levels, and (4) expenditures increase with family income. Indeed, factors that increase the direct or imputed economic contributions of children (e.g., higher children's market wages or, in this case, a CSG) by reducing their net price tend to increase the household's demand for children (Fapohunda & Todaro, 1988: 571). More generally, personal and familial issues, as well as the satisfaction a family receives from raising children, will be part of the childrearing decision.

Studies that have undertaken the impact of subsidies on the foster care market have mainly focused on the United States. Fostering and kinship care in the United States and in most developed countries are not as common as in Sub-Saharan Africa and usually take place for different reasons (e.g. abused or neglected children). Nevertheless, research on the impact of an economic incentive on the demand for foster children shows interesting results. Economic models suggest that higher subsidy or board rates would increase the number of available foster parents. Labour supply models predict that the quantity of labour supplied is positively related to the amount of compensation offered, in this case the foster care subsidy rate. Similarly, in the

foster care market, higher subsidies can be interpreted as lower prices for foster children, which lead to an overall greater quantity of foster care services supplied (Doyle and Peters, 2007). A subsidy or a board rate, used as an economic incentive, can be thought of as a subsidy for foster parents to reduce the costs of providing foster care. Only a few studies were conducted in the context of a shortage of suitable foster family homes in the United States. Research compiled by Claudia Campbell and Susan Downs (1987) find that board rates effect the decision to provide care, while the amount of time available to the foster mother influences both the decision to provide care and the quantity of care provided. The study suggests that increases in the board rate could help alleviate the foster parent shortage. Mark Testa and Nancy Rolock (1999) argue that increasing wages to attract professional foster homes is one way to deal with the shortage of host families.

Doyle and Peters (2007) also conducted a study on the impact of subsidies on the foster care market. They estimated the relationship between the monthly subsidies paid to foster families and the quantity of foster care services provided among different states and years in the United States. They defined "demand" in the foster care market as the number of children potentially needing foster care services. The supply of foster parents includes all families who are fit to take foster children into their homes. As compensation for providing foster care services, each state pays foster parents a monthly subsidy rate for each foster child (around US$400 per month). Their results also show that states may be able to use economic incentives to attract foster parents.

This theoretical model, applied to the South African context, is slightly different. First, I assume (and my interviews confirm it) that the decision of rearing a child remains mostly under the mother's influence. She usually has the final word on the decision. I understand that it implies a lot more than the cost of raising a child and that the most important aspect of the decision-making is the personal willingness to take care of a child and family issues. In this model, I define the demand as 'the willingness of a person to rear non-biological children'. The supply side is made of biological parents who would like to send their children to live with relatives, friends, or others. Based on the economic models of fertility, which have shown that families will require more children as the price of children decreases (Becker & Barro, 1988), I predict that parents would be more likely to rear their children when they receive the CSG. In that same direction, a subsidy (or a grant like the CSG) would increase the quantity of non-biological children. In other words, the grant acts as a subsidy that decreases the "cost" of the child. On both sides, for the host

family or for the biological parents, the grant, if considered generous enough, could affect their decision to look after a child. Since the final decision comes mostly from the parent's side (the supply side), it would be fair to predict that there would be, due to the CSG, a theoretical positive impact in terms of the proportion of children living with their parents. The number of children sent to live away from their parents would decline as the price goes down.

3. The Data

Mixed methodologies are gaining popularity among applied researchers. They are an apt way to combine the benefits of qualitative and quantitative methods. Evidence will be based on secondary data from a large survey, the KwaZulu-Natal Income Dynamics Survey (KIDS)[10], and interviews collected from a small sample of families living in a semi-rural area and township around Durban, the main city in the province of KwaZulu-Natal. The combination of qualitative and quantitative research, also called the Q-squared method, uses exploratory techniques to set up assumptions and hypotheses which will be tested through quantitative analysis. Based on a sequencing type of the Q-squared method, the qualitative data will also help investigate the relationships and results derived from the quantitative analysis. This will aid me in understanding what the data was measuring or missing.

For the quantitative analysis, I will use the second (1998) and third (2004) waves of KIDS, obtained through the University of KwaZulu-Natal. The KIDS data collection started in 1993 when 110 households were interviewed and then re-interviewed in 1998.[11] In the last wave of interviews conducted in 2004, the study was expanded to include adult children of the original sample who had established their own households ("next generation") and core member's children aged less than 18 years of age who were being cared for by others ("foster children"). Relevant modules in the 2004 study include; education and household relationships, caring, and a separate module on the CSG. In 2004, a third wave of households were interviewed. Within the 867 interviewees, 132 households contained children not living with their parents anymore ("fostered out"). All children who had not resided in the household 15 days in the past month before the survey were not included. The sample includes 3,109 children under the age of 18 in 1998 and 3,809 children under the age of 18 in 2004. However, in some countries girls can marry

[10] The 2004 data collection was administered by researchers at the International Food Policy Research Institute (IFPRI), the University of KwaZulu-Natal (UKZN) and the University of Wisconsin-Madison.
[11] I did not use the KIDS 1993 data as the CSG was only implemented in 1998.

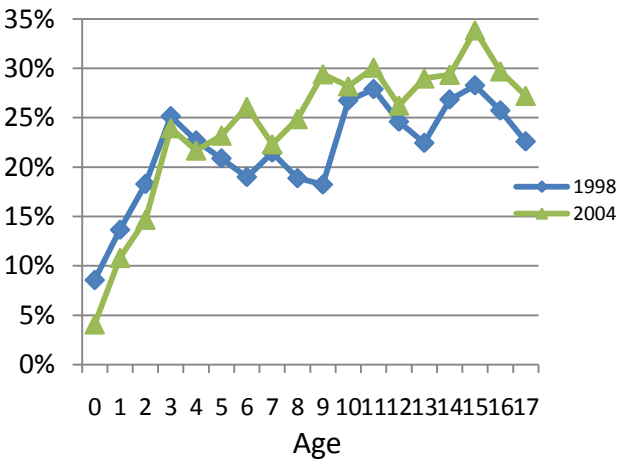
at an early age (15 or 16 years old), therefore including them as “children in the household” is an overestimation of the number of children living away from their parents. As less than one percent of girls are married at the age of 17 in my KIDS sample, there should be no overestimation.

As might be expected from secondary data, I am aware of potential methodological and definitional problems. When assessing the impact of a program on family structure, I face some limitations. For instance, with the absence of explicit fosterage questions, I will not be able to distinguish which children are living away from their parents who have a father who is simply unknown as opposed to those who have a father who did not want to take care of them. Without a survey dedicated to the child’s welfare and the household structure, I could not include the time spent caring for the child of the mother and the father, however, I did take account of his or her presence in the household. Neither could I differentiate between children who left the house where one or both of his or her parents were living, and those children who had parents that simply left the house. In either case, the child is only considered “living away” from his or her parents, even if it is in fact the parents who are away from the child. The latter case is interesting as labour migration is high in South Africa and the CSG impact might be effected. Given the limitations of the data, I will use the definition from the international literature where “voluntary fostering” or “kinship care” takes place when neither biological parent is living in the same household as the child but at least one parent is alive.

In 1998, 23 percent of the children under 18 were living away from their parents compared to 25 percent in the 2004 sample. These rates mean that about one out of every four children was living in a home where neither parent had been residing for 15 days out of the past month. Among them, I include what I refer to as “observed” children (following Cichello’s typology, 2003). Observed children are those who had a parent that resided at least 15 days in the last year under the same roof (e.g. one parent is a resident of the household, but does not live there). These “observed” children represent five percent of the children under the age of 18 in 2004 and eight percent in 1998 (see Appendix C). In this study, I use two different definitions of a child “living” with his or her parents in order to test the robustness of my estimates. **Definition A** considers a child as “living” with his or her parents if at least one of them has been living with them for more than 15 days in the past month (e.g. “observed” children are not considered as living with their parents). **Definition B** considers a child as “living” with his or her parents if at least one of them has been living with them more than 15 days in the past year. Orphans are excluded from both definitions and are dropped from the sample analyzed in this paper.

Descriptive statistics show the trends in children's living arrangements as well as the effect of their receipt of the CSG. The data relays no difference in the children living away from their parents (trends by sex), but sees an increase as age rises. This information is consistent regardless of the survey year or the definition used (see Figure 2 and Appendix C). There is no clear sign of a higher rate of children living away from their parents when the child enters primary school (at age six). Regarding the CSG, around 50 percent of age-eligible children were receiving the grant in 2004 (see Appendix C). The main reason why caregivers of children living away from their parents do not apply for CSG is due to a lack of required documents (25 percent), but 13 percent also said they thought they should not apply unless they were the biological mother of the child receiving the grant. Five percent also answered that the CSG is already paid to someone in another household.

Figure 1
Children living away from their parents, 1998 and 2004*



Source: Author's calculations using KIDS 1998 and 2004
* Using definition A, i.e. including "observed" children and excluding orphans

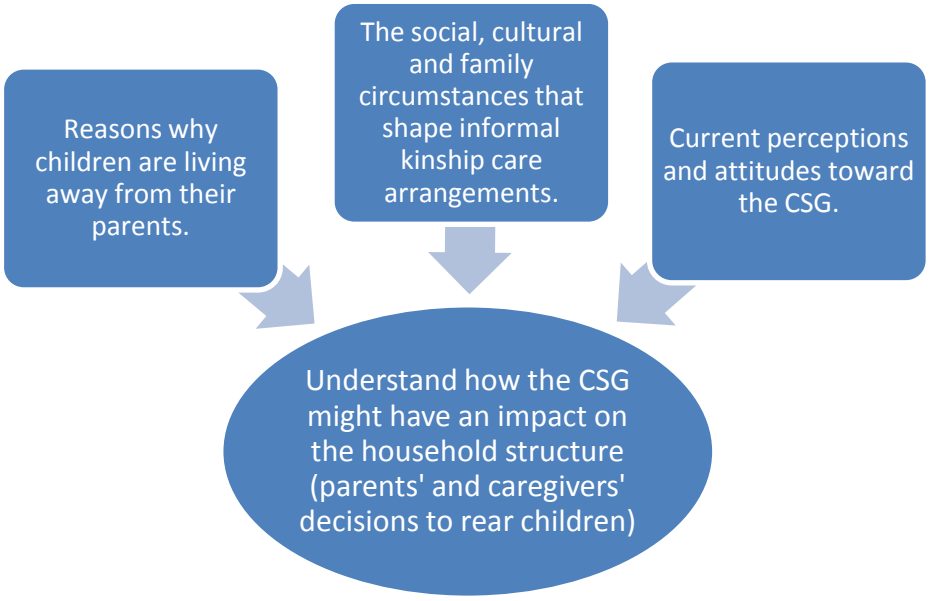
I use the KIDS data for my further quantitative analyses, which estimate the impact of the CSG on childrearing decisions using different econometric methods. But first I collected qualitative data from different families in KwaZulu-Natal to better understand the mechanism of "childrearing" and "grant receiving".

4. Qualitative Analysis

The qualitative data seeks to compliment and further explore some of the findings that will be obtained from the analysis on the quantitative data. From the 18 interviews conducted in KwaZulu-Natal, I focused on socio-cultural factors to understand the dynamics of the family and childrearing practices.

a. Data Collection

The qualitative data sample is a small number of KwaZulu-Natal families. I specifically explore the following issues.



Even if it is unlikely to have a credible impact on its own, talking to participants (and non-participants) is known to be a valuable complement to quantitative survey data (Ravallion, 2008: 3801). I relied on informal and semi-structured interviews with caregivers (the person in the household who is responsible for the day-to-day care of the child, according to KIDS) and four parents. Within the interview sample of 18 families, 41 children out of 60 were living away from their parents (see table 2 for the sampling characteristics). A research assistant was hired to help with sampling, interviewing and language interpretation. Eight interviews were conducted in families in a semi-rural research site 35km south of Durban. Ten interviews were done in two townships, Illovo and Umlazi. Umlazi is one of the largest townships in South Africa. The populations of all sites were predominantly black Africans, who were very poor, with high rates of migration and a high burden of disease (mainly due to HIV/AIDS). Participants (e.g. families with children living away from their parents) were found on a door-to-door basis. I found quite difficult to ask counter-factual questions by asking caregivers, “what would you be doing if this program did not exist?” Instead, other related questions helped me identify the potential program’s impact

on the family structure (see the interview framework in Appendix B). Families that were interviewed were very welcoming and open to discussing the research topic, however there were some ethical concerns regarding the reasons why the child was not living with his or her parents. Mortality and sickness caused by HIV/AIDS, as well as the abandonment of children by their mothers, was often a sensitive issue in the household.

Table 2
Interview sample

Number of households	18
Number of children	60
Number of children not living with their parents	41
Abandonned children*	8
Number of eligible children for the CSG	54
Number of children for whom the CSG is received	32
Number of mothers receiving the CSG but not living in the same household as the child	14

* When the host family felt they had no choice but to take care of the child.

b. Findings

Interviewing caregivers or "guardians" of children helped me understand the popularity and limitations of the CSG as well as the socio-cultural context of the informal arrangement mechanisms around kinship care.

I. Family Structure and Kinship Care Arrangements

The structural and cultural aspects of the Zulu family were particularly important for understanding living arrangements within these families. First, I focused on understanding how the burdens of caring for children (e.g. income and housing) are shared between generation and extended family. Even if some argued that the South African family is fragile, the family remains crucial in its ability to care for the most vulnerable members of society (e.g. children and the elderly). The public safety nets play an important role in supporting families in this respect, but it is very limited.

Within the family, the main stereotype observed (and also suggested by the literature) was that women commonly provided the bulk of childrearing. During my fieldwork, it was found that the father was often “missing”. Most of the fathers were living elsewhere, and often the caregivers of the child did not know where he was. Typically the father also did not respect his parental financial responsibility. Interviews with caregivers of children produced an almost unanimous decision in terms of the low number of children who were supported by their fathers. Instead, grandmothers play a major role in raising the children. 34 out of 41 of the interviewees claimed to be looking after their grandchildren. Among the others (7), four were the aunt, one the neighbour, one the cousin and one the grandmother’s sister. Several people interviewed cared for more than one non-biological child. An unusual case was a woman who was caring for a child abandoned by a neighbour who promised to come back in a few months.

One of the explanations for the overwhelming amount of maternal grandmother guardians appears to lie in a belief that the grandmother is expected to help with the burden of taking care of children. In some cases, the grandmother offered her services to take care of the children simply because she says she likes to look after her grandchildren and/or she feels that they would be better off with her. In eight other cases (out of 41 children living away from their parents) the grandmother (or aunt or cousin) did not have much choice in looking after the child, as no one else could or wanted to take care of the child. In my interview sample (which was not meant to be representative), only two fathers were present in the household and a good number of children were “abandoned” by their mothers.

A common pattern found in the interviews, which was also found in South African literature (Bruman, 1996), is that most of the children not living with their parents were a result of a pregnancy outside marriage. Many single-parent families sent their offspring to live with relatives, most commonly the children's maternal grandparents. High unemployment and shortage of accommodation often force many single mothers to migrate or take 'live in' jobs (Bruman, 1996). Unless the parents were able to pay back the grandparents the full cost of bringing up a child, it is frequently the case that the only other source of funds for this purpose is the income received from other relatives’, the grandparents' pensions or the CSG (Yazbeck et al., 2009). Also, as found in the literature (Bruman, 1996), fieldwork shows that a new husband is unlikely to contribute to the upkeep of his wife's illegitimate child. I found two cases where a mother got married to someone else than the father of her child and left her illegitimate child with the grandmother. It appears that the social norm is often that the grandmothers are expected to take

care of their daughter's previous illegitimate children if she gets married.

Children living away from their parents presented a wide range of different characteristics. I noticed that the house was in better conditions only for the children said to be fostered in an economically better off family. Most of the houses visited were no bigger than four rooms, including the kitchen. Comments regarding the outcomes of the changes of families and caregivers on the child are divided into two main cases: wanted versus unwanted/unexpected children. In other words, a child seemed to be treated differently in the foster family whether he was invited or he was abandoned there. If the family receiving the child felt that they did not have the choice to take care of the new child, they often still told me that, "they are glad to have him or her", but that they are facing financial difficulties whether or not they are receiving the CSG.

II. The Child Support Grant Impact on the Household Structure

Research interviews show various patterns and mechanisms inside the household and within the extended families that lead to the care of children and the gathering of income. The CSG is surely one of the most frequent sources of revenue. However, the amount (30 CAD per child per month) of the CSG is not sufficient to pay for all of the costs of raising a child. The grant is widely known as, "free money: not enough but better than nothing". It is a common belief that it is easy for parents or for a relative that is taking care of the child to apply for the grant. However I found that some families faced difficulties in applying because of lack of documentation (e.g. birth certificate or caregiver's I.D.) not to mention the money needed to travel to apply.

Compared to other cash transfers, a particularity of the CSG is its easiness is to qualify and receive it by the "primary caregiver" (e.g. someone other than the biological parents). This policy suits a specific characteristic of the South African family: the high proportion of children not living with either parent. It also makes this research particularly interesting when looking at who is receiving the CSG and the impact it has for the mother or the caregiver. Before my field trip to South Africa, I had made the assumption that the money would always follow (or stay with) the child. When the child would move or the parents would move, the child should still be receiving the money. However, as there is no systematic review of the beneficiaries of the CSG, a few recipients are not living under the same roof as the child. In almost half of the cases studied (14 out of 32), the recipient of the CSG was not residing in the household where the child was

living.[12] Rather than belonging to the real caregiver, as stated by the grant's requirement, often a "false" caregiver was getting the grant. This phenomenon was observed mainly among the children living with and being taken care of by the grandmother. In these cases, it seems to be a normal occurrence that the mother is the recipient of the grant, not the grand-mother. This could be changed if the mother provides her consent. Nevertheless, it is common to share resources within the family. Several grandmothers said that the mothers (often the daughters of the caregiver) helped financially when they could. When the biological parents would not contribute for the child expenses (food, school fees, transport, etc.), either the caregiver did not ask or would not accept money or the parents simply did not want to contribute financially. In the latter possibility, it would not be socially accepted for a better off caregiver (even more if it is the grandmother) to insist on getting money when one (often her daughter) or both parents are too poor to pay. Moreover, the use of the law for obtaining support would be contrary to the social norms of African society for parents to bring a legal case against their own children.

One aspect worth examining is the importance of the CSG within the household income. Sources of revenue often come from other household member's salaries, such as social grants (Old Age Pension, CSG and others), and non-resident household member transfers. About half of the caregivers appeared to be getting assistance from the child's parents. Almost all households received at least one CSG or the Foster Care Grant. The only exception was a household, whose caregiver, a grandmother, was taking care of eight of her daughters' children. Most of these children were eligible for the CSG or the Foster Care Grant, but she had difficulties trying to apply, blaming the lack of money for the transportation needed to apply at the nearest social security centre. Three of her grandchildren were abandoned by their mothers, four were orphans and one could not be raised by the mother as she had psychological problems. The reason why these children were abandoned was unknown by the grandmother. Similar stories with illegitimate children contained hidden details, as it was a sensitive issue.

It was difficult to perceive how parents and kin could be altruistic toward the child and could follow their personal interests. For instance, a 19-year-old mother with a three-year-old girl and a nine-

[12] A worrisome observation in my field work was the absence of the recipient of the grant in the same household than the child. However, I found a less worrying number in the survey data. In KIDS 2004, 8.8 percent (71 out of 807) of the recipients of the grant were not living under the same roof than the child who should be benefiting the money. More than half of these « false » caregiver recipients were the mother of the child. If they are transferring this money to the real caregiver of the child, or if they keep this money for themselves could not be observed from the KIDS data.

month-old baby, confessed that her youngest child was too young to be cared by her as she was going to school. The child was living with his paternal grandmother. However, the CSG was still received by the mother and she did not forward it directly or indirectly to the caregiver of her boy. The two CSGs were instead useful to pay for the daycare, food and clothes of her oldest child. She also confessed that she needed money for her personal purchases. As the CSG seemed of high importance to her, she might not accept it if the grant was transferred directly to the caregiver of her youngest child. Further research on the attitudes of young or new mothers toward childrearing would help understanding their decision-making process and how public policy plays a role.

The rearing of a child by relatives was either seen as a mutually advantageous arrangement to both the biological and the guardians (the kin) or as a unilateral decision made by the mother without the consent of the guardian. If mutually advantageous, it would take into account the different opportunity costs of time on the life cycle stages between grand-mothers and young mother, as well as the potential for the child's education. Childrearing decisions do not always result from an explicit and formal bargain, but rather from a "unilateral decision and sly maneuvering from the sending party without the full awareness of all members of the receiving household" (Eloundou-Enyegue and Shapiro, 2004: 4). I did not face any situations where people wanted to take care of more children to simply get the CSG money. However, conflicting motives such as not telling the truth, or hiding details, were revealed during interviews (e.g. wanting to look dutiful regarding the care of children and hoping for more help if greater need was perceived). These qualitative observations will feed the design of the following quantitative analysis.

5. Quantitative Analysis

Although the descriptive statistics and the qualitative analysis presented are useful for a better understanding of the childrearing decision-making and of the coverage of the CSG, they do not allow me to draw conclusions based on the causality link between them. The use of a large survey will allow investigating this question further. My main focus is to study the likelihood of a child to live with his or her parents as opposed to living under kinship care. This likelihood will be the dependent variable, which is influenced by different factors including the reception of the CSG. I cannot simply use an ordinary least squares (OLS) regression model because the

estimates would be biased as the main independent variable "if the child is receiving the CSG" is not exogenous from the dependent variable. For children not living with their biological parents, the guardians might be less likely to apply for the CSG. In other words, living away from their parents may influence the receipt of the CSG caused by, for instance, the higher difficulty to provide documents, or by the mistaken belief that only the mother can apply for the CSG. Causality runs from both the CSG reception to living with the parents, and from living with the parents to receiving the CSG. This simultaneity suggests that the dummy variable of receiving the CSG is endogenous. The following methods are used to avoid this endogeneity or simultaneous causality bias: (i) a difference-in-difference model and (ii) an instrumental variable model. The results from these two methods will be explained and discussed in the next section.

a. Models

The first econometric method, the difference-in-difference model, will use data from the 1998 and the 2004 waves to compare before and after the policy change. In order to overcome the causality bias discussed above, this first method will use eligibility (intent to treat) to estimate the impact. The second method, the instrumental variable model, will use only data from KIDS 2004, but will disentangle the causality bias between the receipt of the grant (treatment effect) and living with one parent using an instrumental variable (age eligibility).

I. Difference-in-Difference Model

The difference-in-difference (or double-difference) method uses different age cohorts in the KIDS 1998 and 2004 surveys. This set up uses outcomes (e.g. if the child is living with at least one of his or her parents) observed for two groups for the two time periods.[13] One of the groups is exposed to a treatment (the CSG) in the second period (2004) but not in the first period (1998). The second group (children nine years of age and older) is not exposed to the treatment during either period. The average gain in the second (control) group is subtracted from the average change in the first (treatment) group $[(Y^*_{T2004} - Y^*_{T1998}) - (Y^*_{C2004} - Y^*_{C1998})]$. The causal effect will be estimated by β_1, as the difference between 2004 and 1998 of the outcomes in the treated group ($\beta_1 + \beta_3$) from the control group (β_3) (see table 3). This removes biases between the treatment and control group that could be the result of permanent differences between those

[13] One difference with other studies looking at the reasons for fostering (Akresh, Cichello, and Zimmermann) is that my unit of observation is the child, as opposed to the household.

groups as well as biases from comparisons over time in the treatment group (Imbens and Wooldridge, 2009).

There are two sets of eligibility criteria: income means test and age. Given that Africans (including the Zulus) are among the poorest in KwaZulu-Natal, almost all of them are means-eligible. It makes age the main eligibility condition. At the time of the 2004 survey, the CSG was widely known, so the children within age range for eligibility were expected to receive it. Take-up rates are quite high, and for that reason, age eligibility is a good proxy for grant eligibility. With this method, I therefore assume that age is exogenously excluding potential recipients of the CSG from receiving it. I thus consider children under the age of nine to be the treatment group, and nine years old and up to belong to the control group. I do not use the CSG recipient binary variable (an endogenous variable), but I rather use age eligibility (an exogenous variable) to differentiate the treatment group of the control group. The program eligibility criterion (in this case, under age 9) generates a discontinuity that helps identify impacts in a neighbourhood around the cut-off points for eligibility (Ravallion, 2008: 3812). This method is used to reduce any potential selection bias caused by the program's non-randomized design. The discontinuity in the age eligibility of the CSG was used with the cut off point of nine years of age, as it was in January 2004. However, the age fixed by the government for eligibility changed over time. The program was extended first in 2003 to include the seven and eight year old children, and in April 2004 to include ten and 11 year old children. The take up rate of the CSG at eight years old was 36 percent: a lot higher than it was at nine years old in 2004 (12 percent), and was almost null at ten years of age at two percent (see Appendix C). The discontinuity mark is clearly at the age of nine years old, where the cut-off point is currently set at.

The difference-in-difference main idea is to compare samples of participants (or eligible children) and non-participants (or non-eligible children) before and after the intervention (Wooldridge, 2009). The impact on the likelihood of a child living with his or her parents is measured by the difference between mean outcomes before and after the treatment in the neighbourhood of nine years old (see table 3).

Table 3
Difference-in-difference estimation method using the regression coefficients

	Control Group (C) (Not eligible children ≥ 9 years old)	Treatment Group (T) (Age eligible children < 9 years old)	Difference
1998 (Before the CSG)	Y^*_{C1998}	Y^*_{T1998}	$Y^*_{T1998} - Y^*_{C1998}$
	β_0	$\beta_0 + \beta_2$	β_2
2004 (After the CSG)	Y^*_{C2004}	Y^*_{T2004}	$Y^*_{T2004} - Y^*_{C2004}$
	$\beta_0 + \beta_3$	$\beta_0 + \beta_1 + \beta_2 + \beta_3$	$\beta_1 + \beta_2$
Difference	$Y^*_{C2004} - Y^*_{C1998}$	$Y^*_{T2004} - Y^*_{T1998}$	$(Y^*_{T2004} - Y^*_{T1998}) - (Y^*_{C2004} - Y^*_{C1998})$
	β_3	$\beta_1 + \beta_3$	β_1

In order to include parameters on a child's characteristics, the following logistic regression equation is used.

$$Y_{it} = \beta_0 + \beta_1 X_{it} + \beta_2 G_i + \beta_3 D_t + \beta_4 W_i + \beta_5 W_f$$

Where:

Y_{it} : The dependent variable is a binary variable that indicates whether the child is living with at least one of his or her parents at that time (1 for children living with their parents and 0 otherwise meaning at least one parent is alive, but the child is not living with them).

X_{it} : The child is eligible for the CSG in 2004 ($X_{it} = G_i \times D_t$)

G_i : Binary variable indicating whether the child is in the treatment group (younger than nine years old equals 1, and nine years old and older equals 0)

D_t : Binary indicator that equals 0 in 1998 and 1 in 2004.

W_i : Characteristics of child i (exogenous), including his/her age, education, gender and if his/her mother is deceased.

W_f : Characteristics of child's i household (exogenous), including connection to electricity, the size of the dwelling and if they have to fetch water.

Explanatory variables are added to the equation to control the fact that the populations sampled may differ over the two periods. These are grouped into two categories: the characteristics of the child and the characteristics of his or her household. Variables included as characteristics of the child are: his or her age, level of education and gender. Two variables are included to capture the characteristics of the household where the child is living as a proxy for the income of the family: a binary variable if the household has connection to electricity and the number of rooms in the dwelling. Another variable (called "dummy if mother is deceased") is included as a control for semi-orphan children. Given what I observed about father absenteeism during the interviews, this variable acts as a control for semi-orphans who might not have been fostered voluntarily. Finally, to have accurate estimations with the difference-in-difference method, I must assume that the composition of the two groups remains the same over the course of the treatment (e.g. that both

age groups have the same living arrangement over time). I know that the KIDS 2004 sampling design tried to trace the children from the 1998 survey who were fostered out during the years preceding 2004. Therefore, out of the 867 households surveyed in 2004, 132 were not part of the original sampling of 1998 or the "core" families, but were rather the guardians of "foster" children (kinship care). An additional dummy is added to the regression, indicating if the family interviewed belongs to the "foster" family group (named "dummy" if the household is "fostering").

II. Instrumental Variable Model

The instrumental variable model, is chosen to overcome the endogeneity problem of the choice variable (receiving the CSG) using only data from KIDS 2004, with age eligibility as an instrument. The instrumental variable method will isolate the part of the choice of getting the CSG (X_i) that is correlated with the error term, u, to focus on the variation of receiving the grant uncorrelated with the error term. Information about the movements in X_i that are uncorrelated with u is gleaned from one additional variable called "instrumental variable", or "instrument" (Stock and Watson, 2003: 331). A valid instrument (Z_i) must satisfy two conditions: instrument relevance (corr (Z_i,X_i)≠0 (e.g. it must be correlated with the endogenous explanatory variables), and instrument exogeneity (corr (Z_i,u_i)=0 (e.g. it cannot be correlated with the error term).

The instrumental variable model is widely used in various quasi-experimental impact evaluations (Ravallion, 2008). One example can be found in Esther Duflo's (2003) research on the impact of old-age pensions in South Africa on child anthropometric indicators. Duflo used eligibility as the instrument (60 years for women and 65 for men) in her regressions finding that pensions going to grandmothers to improve their grand-daughters' nutritional status. I will also exploit the discontinuity in the eligibility for the program, because children were no longer eligible for the CSG at nine years of age (before 2004). The instrument is eligibility by age: the dummy equals one for children younger than nine years old and equals zero for those nine years of age and older. For this approach of causal identification by discontinuity to be valid, I need a large number of observations around the cut off age so that people are not able to manipulate their eligibility. A larger sample size will produce a more accurate estimate.

The first stage begins with a regression linking X and Z_i:

$$X_i = \pi_0 + \pi_1 Z_i + v_i$$

This stage uses the instrument to isolate variation in the endogenous regressors that is uncorrelated with the error in the regression of interest (second stage). The second stage of the

two stage least squares estimator will regress Y_i on X_i using OLS in order to estimate the coefficient β_1.

$$Y_i = \beta_0 + \beta_1 X_i + \beta_2 W_i + \beta_3 W_f + u_i$$

Where:

Y_i : The dependent variable is a binary variable that indicates whether the child is living with at least one of his or her parent at that time (1 for children living with their parents and 0 otherwise for example if at least one parent is alive, but the child is not living with them).
X_i : The child is receiving the CSG in 2004
W_i : Characteristics of child i (exogenous), including his/her age, education, gender and race.
W_f : Characteristics of child's i household (exogenous), including connection to electricity, the size of the dwelling and if they have to fetch water.
u_i : Error term

The variables added to the model are carefully chosen. First, the age, education, gender and race (as a dummy for black Africans) of the child are added as the main characteristics. Information on the mother or father (age, education, etc.) of the child could not be included in the model as most of the children living away from their parents, are missing this information. Like in the difference-in-difference model, characteristics on the child's household are included (such as the connection to electricity and the number of rooms in the household). To control for the different type of household interviewed, the dummy "fostering" for the household is also added.

b. Results

This section presents the different results from the quantitative models explained above. As the interviews helped me understand how the CSG might have an impact on parent's decision to rear their children, I will now assess the information using the KwaZulu-Natal Income Dynamic Survey (KIDS) collected in 1998 and 2004 and comment on the impact of the grant on living arrangements.

I. Difference-in-Difference Estimates

I predicted that the program increases the probability of a child living with his or her parents. With this first method, I therefore assess how many of the changes in the proportion of children living with their parents can be attributed to the introduction of the CSG. The dependent variable (if the child is living with his or her parents) is a binary variable and the regression model used is an alternative to probit. Rather than reporting the coefficients, it reports the marginal effect, that is, "the change in the probability for an infinitesimal change in each independent, continuous variable and, by default, reports the discrete change in the probability for dummy variables" (stata

command dprobit).

Table 4
Difference-in-difference estimates, 0-17 years old

Dependent variable: 1: if the child is living with his/her mother and/or father 0 : otherwise		**Without parameters**		**With parameters**		**With parameters and controlling for the sampling of foster families**	
Probit regression, reporting marginal effects		**Def. A (1)**	**Def. B (2)**	**Def. A (3)**	**Def. B (4)**	**Def. A (5)**	**Def. B (6)**
X (Diff-in-diff or GxD)	β_1	0.047** (0.020)	0.025 (0.018)	0.070*** (0.023)	0.048** (0.018)	0.069*** (0.024)	0.048** (0.020)
G (age eligibility =1 if < 9 years old)	β_2	0.058*** (0.015)	0.083*** (0.014)	-0.037 (0.024)	-0.011 (0.022)	-0.036 (0.024)	-0.011 (0.021)
D (time eligibility =1 in 2004)	β_3	-0.047*** (0.014)	-0.069*** (0.011)	-0.064*** (0.016)	-0.073*** (0.013)	-0.031** (0.016)	-0.042*** (0.014)
Age		-	-	-0.016*** (0.003)	-0.013*** (0.002)	-0.016*** (0.003)	-0.013** (0.002)
Education		-	-	0.012*** (0.004)	0.006** (0.003)	0.012*** (0.004)	0.006** (0.003)
Male dummy		-	-	-0.020* (0.012)	-0.013 (0.010)	-0.019* (0.012)	-0.012 (0.010)
Number of rooms in the household		-	-	-0.007*** (0.002)	-0.003 (0.001)	-0.007*** (0.002)	-0.003* (0.002)
Dummy if connected to electricity		-	-	0.034*** (0.012)	0.004 (0.010)	0.026*** (0.012)	-0.005 (0.010)
Dummy if have to fetch water		-	-	-0.054*** (0.012)	-0.027 (0.010)	-0.057*** (0.012)	-0.030*** (0.010)
Dummy if mother is deceased		-	-	-0.456*** (0.039)	-0.456*** (0.040)	-0.429*** (0.040)	-0.427*** (0.041)
Interaction term for gender impact: Male x treatment		-	-	0.000 (0.027)	-0.014 (0.024)	-0.006 (0.027)	-0.020 0.025
Dummy if the household is "fostering »		-	-	-	-	-0.186*** (0.023)	-0.179 *** (0.022)
Pseudo R2		*0.0105*	*0.0255*	*0.0462*	*0.0636*	*0.0571*	*0.0789*
		[n=6805]	*[n=6805]*	*[n=6482]*	*[n=6482]*	*[n=6482]*	*[n=6482]*

Source: Author's calculation based on KwaZulu-Natal Income Dynamics Survey, 1998 and 2004
Coefficients are statistically significant at the *10%, **5% or ***1% level.

I can see from table 2 that β_2 represents the differences between the two groups in 1998: β_3 represents the time trend in the control group, and β_1 represents the difference in the changes over time. This latter coefficient shows that the program had a **statistically significant positive impact** on the likelihood of children living with their parents.[14] Orphans were excluded from the sample as I am studying the factors that might influence a parent's decision to rear their children.

[14] When considering a smaller sample, only the children closer to the cut-off point of nine years old (6 to 11 years old), no statistically significant impact is found (those regression results are shown in Appendix D).

I can interpret the coefficients directly as marginal effects, as I do in the linear probability model. This alternative probit regression shows the marginal probability of a child living with at least one of his or her biological parents for the individual evaluated at the mean values of each independent variable. The negative coefficient on D (β_3) represents, as mentioned above, the time trend in the control group ($Y^*_{C2004} - Y^*_{C1998}$). In other words, there was a decrease in children living with their parents (those who have at least one parent alive) in the non-eligible group (nine years old and older) from 1998 to 2004. The coefficient on regressor G represents the difference between the treatment group (zero to eight years old) and the control group (nine to 17 years old) in 1998 (in equation 1: $\beta_2 = 0.058 = Y^*_{T1998} - Y^*_{C1998}$). There were 5.8 percent more children living with their parents in the treatment group before the policy change. In 2004, it increased to a 10.5 percent points difference, where there was even more children living with their parents in the treatment group ($\beta_1 + \beta_2$ or 4.7 + 5.8 = 10.5). In other words, the treatment group saw a bigger increase in children living with their parents than in the non-eligible group. The program effect is therefore estimated to be positive [$0.047 = (Y^*_{T2004} - Y^*_{C2004}) - (Y^*_{T1998} - Y^*_{C1998})$]. When adding parameters to control for sampling differences, the difference-in-difference coefficient (β_1) varies between 0.048 and 0.070 showing that children eligible for the CSG are 4.8 to 7.0 percent points more likely to live with their parents. In other words, a new anti-poverty program targeting children would have led to a substantial decrease in kinship care arrangements.

The results indicate the effect of gender, age and income on living arrangements of children. First, with respect to gender, I see from the results that a boy is about two percent more likely to live with his parents than a girl, controlling for all other independent variables at their means. But, when I added an interaction term to break down the average impact on gender and differentiate the impact on and between girls and boys. The CSG did not have a different impact on the likelihood of a boy versus a girl in terms of living with one of their biological parents. Secondly, regarding age, older boys or girls are over one percent less likely to live with his or her parents, compared to otherwise identical individuals who are one year younger. Adolescents are more prone to move away from their biological parents. Finally, with respect to wealth, bigger household can accommodate more children. If the household is connected to electricity, it is estimated to increase the probability of the child living with his or her parents by three percent. A household that do not have to fetch water would increase this probability by five percent. This suggests that a richer household (e.g. one with electricity) would better accommodate children. An increase in the size of the dwelling by one extra room decreases by 0.6 percent point the chance of a child living with his or her parents.

II. Instrumental Variable Estimates

The instrumental variable technique provides more accurate estimates of the treatment effect of the CSG than the previous technique. By using age-eligibility in the difference-in-difference framework, I estimated the intent-to-treat. Since not all age-eligible children are recipients, I may have underestimated the effect of the CSG with the difference-in-difference estimations. The instrumental variable method is an attempt to estimate the impact of the actual receipt of the CSG.

First, since OLS is preferred to the instrumental variable model if I do not have an endogeneity problem, one can use the Hausman endogeneity test to assess which regression technique is best. If I do not have endogeneity, both OLS and the instrumental variable model are consistent. The idea of the Hausman test is to compare the coefficients of the instrumental variable endogenous variable with the coefficients of the OLS. The null hypothesis is that the OLS estimator is consistent and fully efficient, meaning that the OLS is an appropriate estimation technique and should be preferred. In this model, when no parameters are added, the Hausman test clearly indicates that OLS is an inconsistent estimator for my equation (Prob>chi2 = 0.000). There is a considerable difference between both estimates that suggests the regressor is endogenous and I need to instrument. However, when adding parameters, there is no (or little) difference in the coefficients estimated by the instrumental variable model and OLS, as the Prob>chi2 is larger than .05 (0.998). In this case, I could conclude that there is no need for an instrument and that the regressor was exogenous. The OLS estimates (see table 5 and Appendix D) show similar results suggesting that the CSG would have led to an increase of nine to 12 percentage points in the proportion of children living with their parents.

Using the instrumental variable regression, I found the first stage regression that the instrument Z_i (the dummy for eligibility) is positively correlated with the CSG reception (X_i), which complies with the first condition for an instrument (corr (Z_i,X_i)≠0) (results are shown in Appendix E). The second stage disentangles the causality bias and allows me to assess the impact of the CSG. Compared to the difference-in-difference method, where I estimated that living arrangements of children living away from their parents decreased five to seven percent points because of the CSG, I could expect a greater effect using the instrumental variable method. Indeed, as the effect measured on the receiving the grant (treatment effect), it should be greater than the difference-in-difference estimates measuring the effect of age eligibility (intent to treat). This is what happens (see table 5). The instrumental variable model is a linear probability model and I can therefore

interpret the coefficient as having a marginal effect. As the dependent variable is one when the child is living with at least one of his or her biological parents, I found that children getting the CSG are 12 to 15 percent points more likely to live with their parents when no parameters are added as seen in models (1) and (2). The explanation is the same as for the difference-in-difference estimates: parents getting the CSG are more likely to rear their children than sending them to a kin.

Table 5
Instrumental variable model estimates using age-eligibility as an instrument, 6-11 years old

Dependent variable: 1: if the child is living with his/her mother and/or father 0 : otherwise	IV						OLS	
Single-equation instrumental variable	Def. A (1)	Def. B (2)	Def. A (3)	Def. B (4)	Def. A (5)	Def. B (6)	Def. A (7)	Def. B (8)
CSG	0.120**	0.153***	0.281	0.365	0.277	0.446*	0.094**	0.101***
	(0.058)	(0.053)	(0.264)	(0.246)	(0.279)	(0.264)	(0.037)	(0.034)
Age	-	-	0.023	0.030	0.023	0.025	0.004	-0.011
			(0.034)	(0.032)	(0.032)	(0.030)	(0.014)	(0.013)
Education	-	-	-	-	0.006	0.017	0.003	0.011
					(0.014)	(0.013)	(0.013)	(0.011)
Male dummy	-	-	-	-	-0.030	0.012	-0.044	-0.013
					(0.039)	(0.037)	(0.033)	(0.031)
Black dummy	-	-	-	-	-0.179**	-0.173**	-0.144**	-0.110*
					(0.084)	(0.080)	(0.067)	(0.061)
Number of rooms in the household	-	-	-	-	-0.001	0.004	-0.002	0.002
					(0.005)	(0.004)	(0.004)	(0.004)
Dummy if connected to electricity	-	-	-	-	-0.047	-0.037	-0.047	-0.037
					(0.031)	(0.029)	(0.031)	(0.028)
Dummy if have to fetch water	-	-	-	-	-0.095***	-0.049*	-0.090***	-0.041
					(0.031)	(0.029)	(0.030)	(0.027)
Dummy if mother is deceased	-	-	-	-	-0.306***	-0.342***	-0.331***	-0.389***
					(0.081)	(0.077)	(0.072)	(0.066)
Interaction term for gender impact: Male x treatment	-	-	-	-	0.018	-0.035	0.038	0.001
					(0.057)	(0.054)	(0.048)	(0.044)
Dummy if the household is "fostering »	-	-	-	-	-0.165***	-0.151***	-0.172***	-0.162***
					(0.036)	(0.034)	(0.035)	(0.032)
R-squared	*0.0120*	*0.0154*	-	-	*0.0511*	-	*0.0724*	*0.0842*
	[n=1267]	*[n=1267]*	*[n=1267]*	*[n=1267]*	*[n=1079]*	*[n=1079]*	*[n=1079]*	*[n=1079]*
_cons	0.694***	0.746***	0.457	0.432	0.761**	0.657**	0.954***	1.022***
	(0.019)	(0.018)	(0.363)	(0.338)	(0.321)	(0.304)	(0.131)	(0.121)

Source: Author's calculation based on KwaZulu-Natal Income Dynamics Survey, 2004
Coefficients are statistically significant at the *10%, **5% or ***1% level.

When I include age as an explanatory variable, for example in models (3) and (4), I find no evidence that the grant had an impact on living arrangements. The CSG effects estimated in models (1) and (2) might have to be partially attributed to age. If younger children are more likely

to live with their parents and are the ones eligible for the CSG, excluding the age variable in the equation can overestimate its impact. In models (5) and (6) I included a dummy for the race (1 if black and 0 if otherwise). As I expected, kinship care arrangements mainly take place within the black African community, and the coefficient is significantly negative. Age is also negatively correlated with living with parents, as I observed earlier in the descriptive statistics. Education is slightly positively correlated, for example children living with their parents would be more educated than children living away from their parents. Regarding the dwelling characteristics, I also found that a child is more likely to live with his or her parents where they do not have to fetch water. Finally, the gender interaction term did not show any significant differentiated impact of the program on girls and boys. Parents receiving the grant would are not more likely to foster out or rear their child themselves based on the gender of their child.

The conclusions that can be drawn from the instrumental variable method are fairly similar to other estimates found in the difference-in-difference and the ordinary least squares methods. However the non-significant results observed when I add parameters suggest that the two previous techniques offered more adequate results when controlling for the different sampling characteristics. The overall positive impact of the grant found in this quantitative analysis corresponds to my hypothesis that parents modestly respond to an economic incentive, even though many other personal and family-related circumstances have to be taken into account in terms of making their final decision of rearing their children.

Concluding Remarks

In many societies in Africa, including in the Zulu, kinship care is an accepted means of raising children. For a broad range of reasons, children are looked after on an ongoing or indefinite basis by relatives, friends or others. To contribute to a better understanding of the institution of "voluntary fostering" in Africa, the present paper finds evidence of an unpredicted significant impact of the South Africa social protection program, the CSG, on childrearing arrangements.

Field research helped pick up informal aspects of kinship care and parent's childrearing decision process that were not included in the survey data. Qualitative interviews showed that child shifting was primarily a strategy employed to assist mothers (in the absence of the father) to navigate personal difficulties. Non-nuclear living arrangements were also, in some cases,

pursued in the interest of the children, to provide them with a healthier environment, but it was not the only reason for these arrangements. In some interviews, women who sent their child to live elsewhere were perceived as not having succeeded in raising their children themselves. For others, it seemed like a rational decision to benefit from kinship care, for example incidents where the mother (or the father) were too young and therefore lacking the means to support their children financially. In terms of children out of marriage, a tradition (and expectation) exists where the maternal grandmothers bring up their daughter's illegitimate children. When the grandmother, the aunt or the grandfather volunteered to take care of the child, the mother was not necessarily seen as generous but it was rather seen as a mutually beneficial exchange. The interviews with caregivers and parents were not designed to assess the impact of the CSG but rather to give clues on the potential influencing factors that a cash transfer targeting the care of children could have on children's mobility. I faced multiple obstacles when discussing financial issues and childrearing decision-making. Both topics required sensitive questioning about the relationship between the caregiver and the parents, as the reasons and mechanisms around the arrangements were often kept secret. Overall, the grant was not seen as generous enough to buffer the cost of raising a child. Respondents stressed that personal willingness, family support and the life cycle timing for childrearing were the dominant driving forces behind child caring.

Taking this into account, extra financial support contributes to the personal economic confidence of a parent raising a child. In addition to the qualitative study, I used secondary quantitative data to broaden the analysis into a bigger sample and to focus only on the CSG's impact on a parent's decisions to take care of their children. This paper examines, for the first time, the impact of a cash transfer on the probability of a child to live away or with his or her parents using data collected in 1998 and 2004 in the province of KwaZulu-Natal. My study makes a number of improvements over past research on child fostering and the impact of cash transfers. It identifies the effect of the program on household structure through comparisons of eligible children with older non-eligible children. I stress one main finding confirming my hypothesis based on the theoretical impact of a grant or subsidy on parent's childrearing decisions. The difference-in-difference and the OLS estimates both showed more consistent results than the instrumental variable method. The difference-in difference method, which compared statistics before and after the policy change, indicated that parents receiving the grant are five to seven percent points more likely to rear their children themselves. The OLS estimates, based only on 2004 data, suggested a slightly bigger impact of nine to ten percent points. My results did not show that the financial incentives of the program had powerful effects on a wide range of parents' decisions, but its

effects are non-negligible. It also means that the CSG is estimated to have led to an increase in children living under the same roof as their parents. I can also infer that more nuclear households might be formed as a result of the program. I also find evidence, not surprisingly, of an increase in the probability of children living away from their parents based on age. So I can infer than an increase in biological care could imply a decrease in kinship care overtime.

With the high number of children living away from their parents in South Africa, and knowing that cash transfers often influence the cases of children living away from their parents, there is a need for a better understanding of the effects of parental presence on children's wellbeing. It is possible that an increase in the generosity of the CSG, or in its take up rates (with the potential removal of an age ceiling), could further decrease the popularity of kinship care, however, I do not know if the increase in children living with their parents would be "good" or "bad" for the children. How informal institutions, such as living arrangements, play an important role in the child outcomes (such as greater cognitive development, mental and physical health and higher educational accomplishment) remains to be seen. Pro-poor and pro-children strategies will have to take into account the unexpected effects of a financial incentive in terms of efficiency in order for it to be successful. I also argue that particular South African socio-cultural background matters and therefore must be reflected in the design of the social protection system. Unique South African family patterns call for further research on unintended or intended potential effects of public policies targeting children. Paraphrasing Wusu and Isiugo words: "children together comprise the strength of the lineage" and they will indeed dictate the future of South Africa.

Appendix A: Child Support Grant Program Description

(From the South Africa government official website, as November 2009)

If you are needy, you can get a grant to help you raise the child you look after.

How do you know if you qualify?

You must:

- be the child's primary caregiver (e.g. parent, grandparent or a child over 16 heading a family). Note: If you are not the child's parent, proof that you are the child's primary caregiver through an affidavit from a police official, a social worker's report, an affidavit from the biological parent or a letter from the school principal from the school attended by the child.
- be a South African citizen or permanent resident
- not earn more than R28 800 per year if you are single. If you are married, your combined income should not be above R57 600 per year.

The child must:

- be younger than 15 years
- not be cared for in a state institution
- reside with the primary caregiver who is not paid to look after the child. […]

How much will you get?

The amount that you will get from April 2009 is R240 per month per child. […]

When may the child's grant be suspended?

The following may result in the suspension of the child's grant:

- when your circumstances change
- the outcome of a review
- if you fail to co-operate when the child's grant is reviewed
- when you commit fraud or misrepresent the child
- if there was a mistake when the child's grant was approved
- if the child is no longer in your care. […]

What you should do

- Go to the South African Social Security Agency (SASSA) office nearest to where you live and bring the following:
- Your 13 digit-bar-coded identity document (ID) and the child's birth certificate. […]
- Complete the application form in the presence of the SASSA officer. […]

Appendix B: Interview Framework

Respondent number: _____

1. Caregiver's information

Name: _____ Address:
_____

_____
Age: _____
Sex: F / M
Occupation: _____ (regular employment, casual employment, childrearing, unemployed, student, retired / pensioner, or other)
Highest educational level completed: _____

2. Children's information

How many children are living in this household? _____

A. Background questions				**B. Family circumstances and reasons why the child is living away from his or her parents.**			**C. Perceptions and attitudes toward the Child Support Grant.**		
First name	Age	Sex	School grade	Who is the mother? (Where does she live?)	Who is the father? (Where does he live?)	If none of the parents are in the household, why are you taking care of him/her? For how long should he/she stay in this household? Do you experience any difficulties?	Do you receive the Child Support Grant?	If not, why?	Other information

Appendix C: KIDS Descriptive Statistics

Percentage of children living away from their parents by age, 1998 and 2004

	1998 (Before the CSG)			2004 (After the CSG)		
Age	According to definition A*	"Observed" children	According to definition B	According to definition A	"Observed" children	According to definition B
0	8.6%	2.9%	5.7%	4.1%	1.5%	2.6%
1	13.7%	5.4%	8.3%	10.8%	5.1%	5.7%
2	18.3%	10.4%	7.9%	14.7%	6.8%	7.9%
3	25.1%	15.2%	9.9%	24.0%	6.8%	17.2%
4	22.7%	10.6%	12.1%	21.7%	4.2%	17.5%
5	20.9%	12.1%	8.8%	23.2%	7.2%	16.0%
6	19.0%	9.0%	10.0%	26.1%	7.4%	18.7%
7	21.5%	8.4%	13.1%	22.3%	5.1%	17.2%
8	18.9%	8.2%	10.7%	24.9%	7.7%	17.2%
9	18.2%	4.4%	13.8%	29.4%	4.9%	24.5%
10	26.7%	9.1%	17.6%	28.2%	5.7%	22.5%
11	27.9%	15.7%	12.2%	30.1%	5.1%	25.0%
12	24.6%	7.7%	16.9%	26.3%	4.6%	21.7%
13	22.4%	8.1%	14.3%	29.0%	5.1%	23.9%
14	26.8%	7.3%	19.5%	29.4%	5.2%	24.2%
15	28.3%	7.9%	20.4%	33.9%	2.6%	31.3%
16	25.7%	7.6%	18.1%	29.7%	4.6%	25.1%
17	22.6%	1.7%	20.9%	27.2%	3.1%	24.1%
Average	22.4%	8.4%	14.0%	24.6%	5.2%	19.4%
Total	696 out of 3109 children	262 out of 3109 children	434 out of 3109 children	935 out of 3807 children	195 out of 3807 children	740 out of 3807 children

* Children are living in a home where neither parent had been residing for 15 days out of the past month. Among them, I include what I refer as "observed" children, those who had a parent that lived at least 15 days in the past year under the same roof.

Source: Author's calculation based on KwaZulu-Natal Income Dynamics Survey, 1998 and 2004

Child Support Grant recipients by age, 2004

Age	Children not receiving the CSG	Children receiving the CSG	Percent of children with CSG
0	115	20	10.3%
1	82	79	40.7%
2	86	95	53.7%
3	96	106	55.2%
4	78	93	49.2%
5	87	103	56.9%
6	112	116	57.1%
7	129	103	47.9%
8	179	80	38.3%
9	221	25	12.3%
10	234	6	2.6%
11	235	2	0.8%
12	238	5	2.1%
13	252	0	0.0%
14	192	0	0.0%
15	239	0	0.0%
16	224	0	0.0%
17	115	0	0.0%
Total	**2974**	**833**	**21.9%**

Source: KwaZulu-Natal Income Dynamics Survey 2004

Appendix D: Ordinary least squares estimates

Dependent variable: 1: if the child is living with his/her mother and/or father 0 : otherwise	Without parameters				With parameters			
Single-equation instrumental variable	**Def. A (0-17 years old) (1)**	**Def. B (0-17 years old) (2)**	**Def. A (6-11 years old) (3)**	**Def. B (6-11 years old) (4)**	**Def. A (0-17 years old) (5)**	**Def. B (0-17 years old) (6)**	**Def. A (6-11 years old) (7)**	Def. B (6-11 years old) (8)
CSG	0.130*** (0.017)	0.142*** (0.016)	0.112*** (0.028)	0.121*** (0.026)	0.085*** (0.020)	0.090*** (0.018)	0.094** (0.037)	0.101*** (0.034)
Age	-	-	-	-	-0.017*** (0.003)	-0.014*** (0.003)	0.004 (0.014)	-0.011 (0.013)
Education	-	-	-	-	0.015*** (0.005)	0.009** (0.004)	0.003 (0.013)	0.011 (0.011)
Male dummy	-	-	-	-	-0.037** (0.018)	-0.029* (0.016)	-0.044 (0.033)	-0.013 (0.031)
Black dummy	-	-	-	-	-0.161*** (0.033)	-0.091*** (0.029)	-0.144** (0.067)	-0.110* (0.061)
Number of rooms in the household	-	-	-	-	-0.007*** (0.002)	-0.002 (0.002)	-0.002 (0.004)	0.002 (0.004)
Dummy if connected to electricity	-	-	-	-	-0.025 (0.016)	-0.022 (0.016)	-0.047 (0.031)	-0.037 (0.028)
Dummy if have to fetch water	-	-	-	-	-0.093*** (0.016)	-0.056*** (0.016)	-0.090*** (0.030)	-0.041 (0.027)
Dummy if mother is deceased	-	-	-	-	-0.405*** (0.039)	-0.420*** (0.036)	-0.331*** (0.072)	-0.389*** (0.066)
Interaction term for gender impact: Male x treatment	-	-	-	-	0.011 (0.026)	0.003 (0.023)	0.038 (0.048)	0.001 (0.044)
Dummy for the type of questionnaire	-	-	-	-	-0.181*** (0.019)	-0.180*** (0.017)	-0.172*** (0.035)	-0.162*** (0.032)
R-squared	*0.0155*	*0.0219*	*0.0122*	*0.0166*	*0.1140*	*0.1222*	*0.0724*	*0.0842*
	[n=3722]	*[n=3722]*	*[n=1267]*	*[n=1267]*	*[n=3403]*	*[n=3403]*	*[n=1079]*	*[n=1079]*
_cons	0.719*** (0.008)	0.769*** (0.007)	0.696*** (0.014)	0.755*** (0.013)	1.119*** (0.040)	1.089*** (0.037)	0.954*** (0.131)	1.022*** (0.121)

Source: Author's calculation based on KwaZulu-Natal Income Dynamics Survey, 2004
Coefficients are statistically significant at the *10%, **5% or ***1% level.

Appendix E: Instrumental variable first stage estimates, 2004

Dependent variable: 1: if the child receives the CSG 0 : otherwise	Without parameters		With parameters	
Single-equation instrumental variable	**(0-17 years old) Definition A (1)**	**(6-11 years old) Definition A (3)**	**(0-17 years old) Definition A (5)**	**(6-11 years old) Definition A (7)**
Instrument: Age eligible	0.435*** (0.018)	0.432*** (0.021)	0.465*** (0.026)	0.213*** (0.049)
Age	-	-	0.018*** (0.003)	-0.057*** (0.016)
Education	-	-	-0.023*** (0.004)	-0.017 (0.011)
Male dummy	-	-	-0.021 (0.015)	-0.034 (0.029)
Black dummy	-	-	0.158*** (0.026)	0.179*** (0.054)
Number of rooms in the household	-	-	-0.001 (0.002)	-0.007** (0.003)
Dummy if connected to electricity	-	-	0.018 (0.013)	-0.003 (0.025)
Dummy if have to fetch water	-	-	0.025* (0.016)	0.023 (0.024)
Dummy if mother is deceased	-	-	-0.072** (0.032)	-0.133** (0.059)
Interaction term for gender impact: Male x treatment	-	-	0.008 (0.023)	0.024 (0.043)
Dummy for the type of questionnaire	-	-	-0.006 (0.015)	-0.037 (0.028)
R-squared	*0.2736*	*0.2427*	*0.3015*	*0.2838*
	[n=3722]	*[n=1267]*	*[n=3403]*	*[n=1079]*
_cons	0.018** (0.008)	0.049*** (0.015)	-0.244*** (0.042)	0.565*** (0.152)

Source: Author's calculation based on KwaZulu-Natal Income Dynamics Survey, 2004
Coefficients are statistically significant at the *10%, **5% or ***1% level.

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Postal Address:
PO Box 8500
Ottawa, ON, Canada
K1G 3H9

Street Address:
250 Albert Street
Ottawa, ON, Canada
K1P 6M1

Tel:
(+1-613) 236-6163

Fax:
(+1-613) 567-7748

E-mail:
ggp@idrc.ca

Website:
http://www.idrc.ca/ggp